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CENTRAL INTELLIGENCE AGENCY

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NO. OF ENCLS.  
(LISTED BELOW)SUPPLEMENT TO  
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The following report is a copy of the translation of a Chinese Communist document, of unknown date and authorship, which appears to be an outline of the regulations on currency to be put into effect by the Chinese Communists.

Procedures Regulating Gold, Silver and Foreign Exchange:

1. All gold, silver, foreign currencies and foreign exchange are regulated and only made available to foreign trade and the liquidation of obligations and debts, but under no circumstances shall they be permitted to circulate internally or be used as instruments of transaction.
2. The new paper currency (i.e. the banknotes issued by the Chinese People's Bank) is the only standing legal tender value in use governing all status of business proceedings, and its circulation in the local market will bear no connection whatsoever with the foreign currencies and foreign exchange.
3. All foreign currencies and foreign exchange are prohibited for possession by private individuals and for use for the purpose of buying and selling. Old and new holders of these promissory notes (including all overseas remittances) should register within a period of one month with the People's Bank for safe deposits.
4. Concession is granted to all holders of gold and silver to preserve their own valuables, provided the precious metal is not being utilized for buying and selling, or circulated as currency valuation in the internal market.
5. Gold and silver imported from abroad, or produced from mines internally, should be converted immediately into foreign currencies for deposit with the People's Bank. The computation for which will be calculated according to the prevailing foreign exchange quotations the day the conversion is made.

This document is hereby regraded to  
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6. Owners of gold, silver, foreign currencies and foreign exchange are given a free choice of any one form of foreign currency desired to be maintained for the conversion of their valuable possessions as a unit valuation of deposits. These deposits are accessible to owners at any time to make withdrawals for the importation of various productive items authorized by the government, or for the employment of foreign technicians.
7. All foreign currency deposits in the People's Bank are exchangeable for any form of foreign currency that may be desired, and are negotiable for transference to other accounts, but may not be used for buying and selling in the internal market.
8. Conversion from any form of foreign currency into the valuation of the standing New Currency Notes by desirable depositors of the People's Bank will be effected according to the free rates of exchange prevailing in the foreign market that day.
9. All diplomatic officials of foreign governments or merchants of various nationalities should convert, upon entry into China, their respective forms of foreign currency, either that which they carry in person or any remittances which will be made to them on future dates, into the standing new currency for usage within its territorial market, according to the existing effective rates of exchange fixed by the People's Bank, or in line with any reciprocal rates of exchange that have been agreed upon between any foreign government and the People's Bank. In the event of their departure from China, the new currencies which they have on hand will likewise be accorded conversion into their respective forms of foreign currency to be taken out of China, in accordance with the original rates of exchange at which their currencies had been converted by the People's Bank.
10. The procedure regulating the control of all overseas remittances will be framed according to the principles outlined in the regulations governing the disposition of gold, silver, and foreign exchange.

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